2010 Annual Report

Property Assessment Appeal Board

Table of Contents

	Page
Board Profile	1
Report on Performance	
• Key Challenges and Targets	2
• Results	2
Analysis of Outstanding Appeals	
• Volume of New Appeals	4
• Year-end Position	6
Appeals to the Courts	9
Responses to Challenges in 2010	10
Other Activities	
• Consultation with the Assessment Community	11
• Web-based open data application	11
• Board Member Training and Continuing Education	11
Board Finances	12
Looking Forward	
• Challenges for 2011	13
• Targets for 2011	13
Appendices	
1. Board Members	14
2. Glossary of Terms	15
3. 2010 Property Assessment Appeal Completion Results Compared to 2009	17
4. Property Assessment Appeal Completion Results by Appeal Year	18
5. Summary of Outstanding Property Assessment Appeals	19
6. Board Activities in 2010 Compared to Prior Years	20
7. Breakdown of Expenditures	21

Board Profile

The Property Assessment Appeal Board is a quasi-judicial administrative tribunal established under the *Assessment Act*. The Board is the second level of appeal following the Property Assessment Review Panels.

The most common issues in assessment appeals are:

- What is the actual or market value of the property?
- Is the assessment equitable?
- Is the property correctly classified?
- Does the property qualify for a tax exemption?

An effective and independent appeal system is critical to maintain taxpayer's confidence in the accuracy and integrity of the assessment roll.

The Board has refined its appeal and dispute resolutions practices, focusing on the following objectives:

- To resolve appeals justly and consistently, in accordance with the principles of natural justice and procedural fairness.

- To complete appeals as quickly and efficiently as possible, within budget and at minimum cost to participants and the Board.

The Board is independent from the Property Assessment Review Panels and BC Assessment, and is accountable to the Minister of Community, Sport and Cultural Development. The Board has a full-time Chair, two full-time Vice Chairs, 20 part-time members, a Registrar and five support staff. The names and term expiry dates of the Board Members serving in the past year are in Appendix 1.

A glossary of terms used in this report is in Appendix 2.

Report on Performance

Key Challenges and Targets

At the end of 2009, the Board listed the main challenges and targets for 2010 as:

1. To complete the new 2010 appeals.
2. To complete any remaining older appeals, including those that come out of the contingent category once the Courts release related decisions.
3. To register and acknowledge the 2010 appeals by May 31, 2010.
4. To issue at least 90% of written decisions within 90 days from the hearing.
5. To complete or schedule for hearing by March 31, 2010, over 90% of the active 2009 commercial and industrial appeals.
6. To complete or hear by December 31, 2010, 90 to 100% of the 2010 residential, farm and recreation property appeals.

Results

The results are summarized as follows:

Challenge or Target	Result by Dec. 31, 2010
1. 2010 appeals	reduced by 67%
2. older appeals (2009 and earlier)	reduced by 65%
3. registration of 2010 appeals	completed on May 26, 2010
4. timeliness of written decisions	97% completed within 90 days
5. 2009 commercial & industrial property appeals	93% completed or scheduled for hearing by Mar. 31, 2010
6. 2010 residential, farm & recreational property appeals	95% completed or heard by Dec. 31, 2010

The Board has benefited from excellent cooperation over the last few years between the main parties to appeals, making it possible to exceed our performance targets.

The following table illustrates the Board's activities compared to the two previous years:

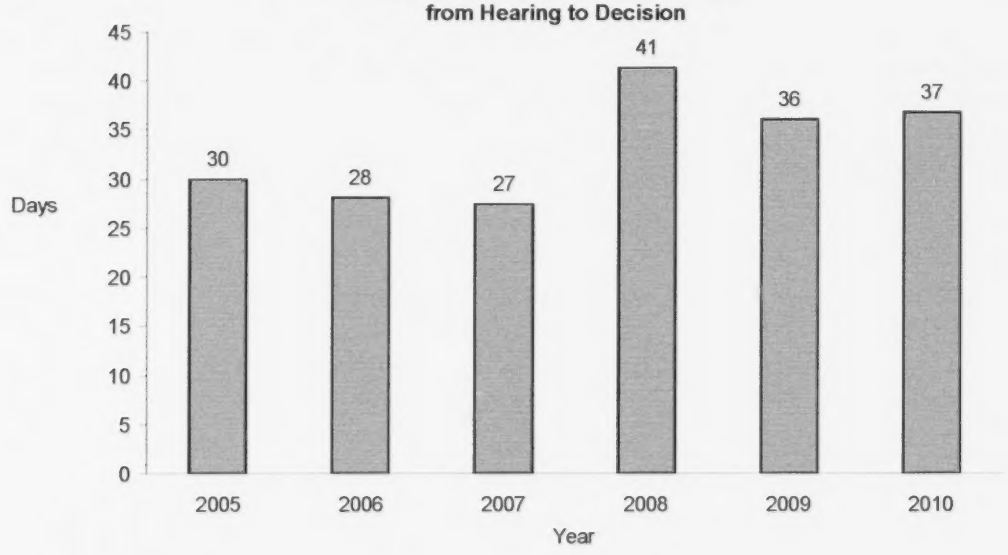
Activity	2010	2009	2008
New appeals received in year	2,166	1,412	1,707
Carry over from earlier years	439	781	619
Total appeal workload	2,605	2,193	2,326
Appeals completed during the year	1,740	1,754	1,565
# and % of appeals resolved without a hearing	1,540 (88%)	1,585 (90%)	1,376 (88%)

The Board completed a high proportion of appeals (88%) without a hearing. When appeals settle, they are either withdrawn, and there is no change to the assessment, or the parties reach an agreement to change the assessment. If an appeal is not settled, the Board will make a decision following either an oral hearing or on the basis of written submissions from the parties. Appendix 4 provides statistics on how the Board completed appeals in 2010.

Approximately 41% of the Board's decisions (whether by agreement or adjudication) resulted in a change to the assessment.

As illustrated in Figure 1, the average time to complete a written decision following a hearing was within the Board's service objectives of 60 days for residential appeals and 90 days for commercial and industrial appeals. This statistic varies from year to year depending on the availability of Board members and the complexity of appeals.

Figure 1 - Average Number of Days from Hearing to Decision



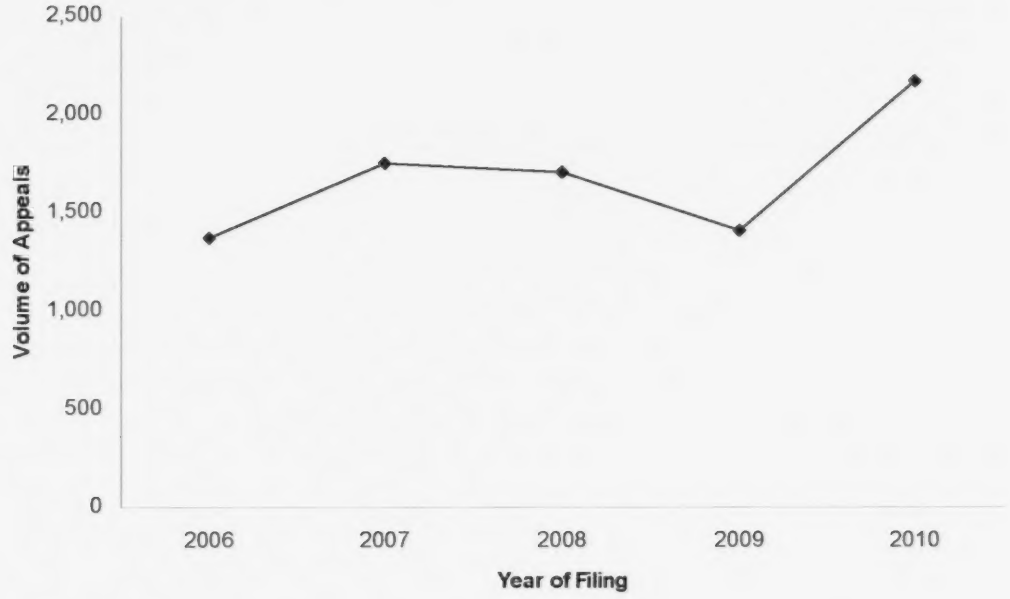
Analysis of Outstanding Appeals

Volume of New Appeals

The Board received 2,166 new appeals in April 2010. This is a 53% increase from last year, and is the highest number of appeals in over 15 years.

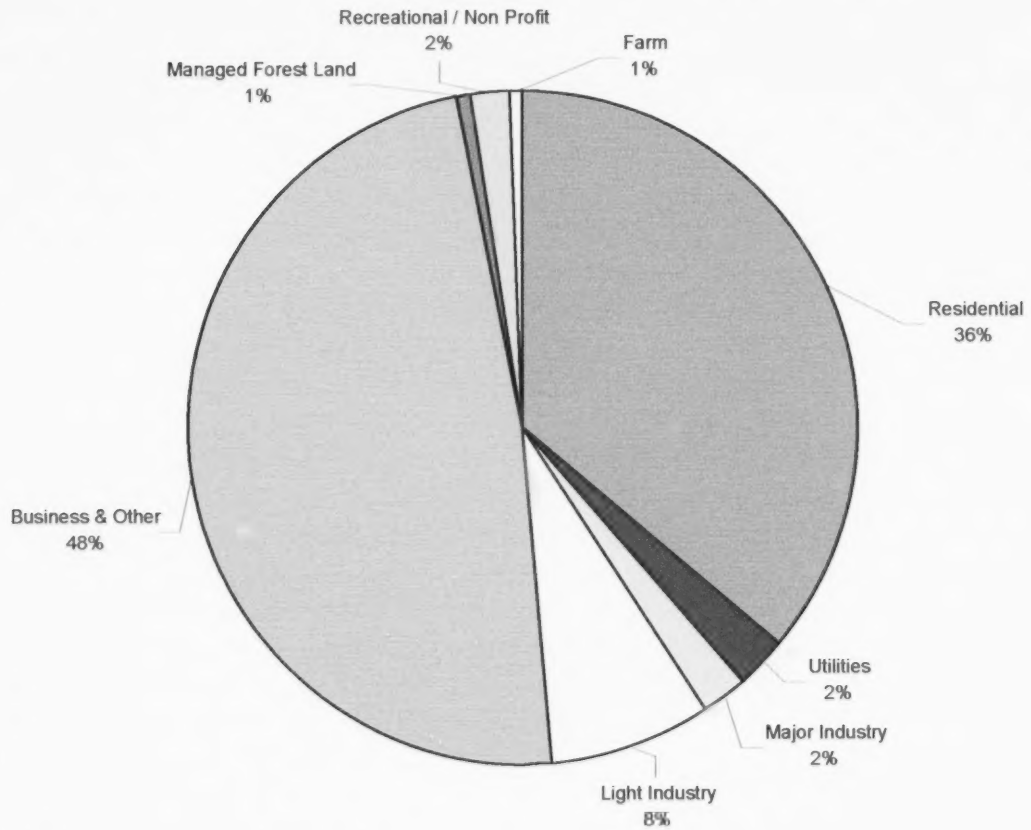
The high volume of appeals may have been due to a "carry over" effect from the legislation in 2009 which, in effect, "froze" the values at the July 1, 2007 levels. As a result, the assessments for the 2010 roll incorporated market increases over two years to July 1, 2009.

Figure 2 - Change in Volume of Property Assessment Appeals



The number of residential and farm class appeals increased over last year by 55% to 467 appeals. The commercial and industrial appeals increased by 53% to 1,663 appeals. These appeals are typically more complex than residential appeals requiring more Board resources to resolve.

Figure 3 - Portion of Appealed Properties by Classification

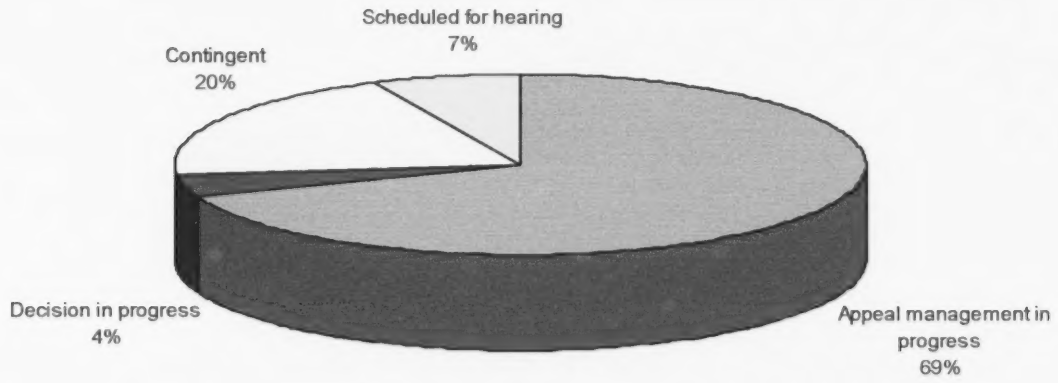


Year-end Position

As of December 31, 2010, there were 865 outstanding appeals. The number of outstanding appeals is greater than for the previous year-end solely due to the increase in new appeals in 2010. The actual number of older prior year appeals decreased by 21%.

Following is a breakdown of the status of the 865 outstanding appeals:

Figure 4 - Status of Outstanding Appeals



The Board was actively managing 69% of the outstanding appeals. Active appeal management involves working with the parties to identify the specific areas of disagreement and resolving as many of the issues as possible through mutual agreement. When it becomes evident that further discussion will not result in resolution, a written submission or in-person hearing is scheduled. 7% of the outstanding appeals were in this category.

The "contingent" category included 20% of the outstanding appeals. These are appeals have very similar issues to other appeals that are being heard by the Board or the Courts. The Board cannot move forward on these contingent appeals until the related appeals conclude.

The proportion of contingent appeals increases with older appeals. At year-end, 7% of the outstanding 2010 property assessment appeals were contingent, whereas 79% of the outstanding 2009 and older appeals were in this category. The majority of the older appeals are pending resolution of a single issue: whether taxing jurisdiction rests with a First Nation, or a municipal or provincial authority. Once the issue of taxing jurisdiction

is determined, either by the Courts or by negotiation, these appeals will almost immediately be resolved.

The majority of outstanding appeals (61%) are in Greater Vancouver, given the population and business distribution throughout the Province.

Figure 5 - Regional Distribution of Appeals

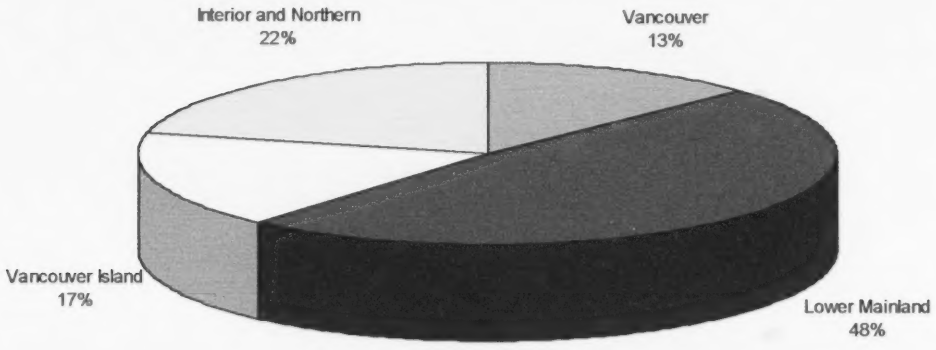


Figure 6 illustrates the portion of appeals completed by appeal year.

Figure 6 - Completed appeals by the year of original filing

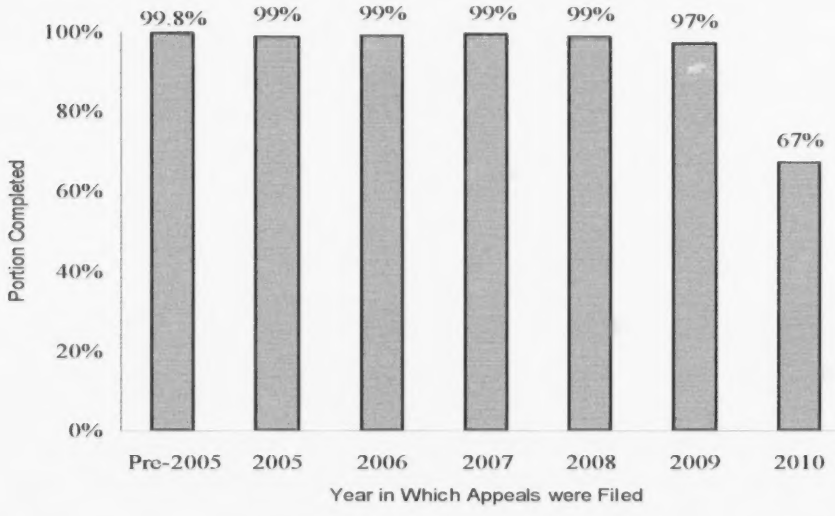
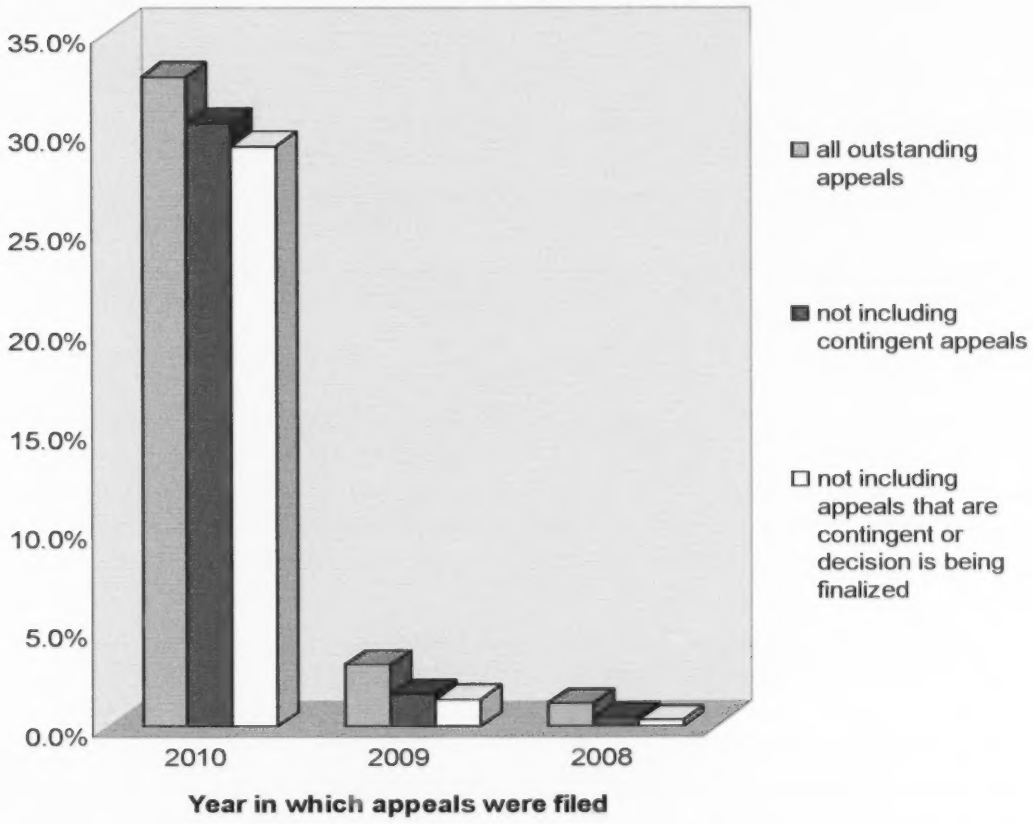


Figure 7 illustrates outstanding appeals as a percentage of the total originally filed. For a more accurate picture of the unresolved appeals at year-end, the portion outstanding is adjusted for:

- Appeals that are contingent; and
- Appeals that are effectively complete (i.e. have been heard or resolved but the Board's final orders have not been published).

After these adjustments, the effective portions of outstanding 2008, 2009 and 2010 appeals as of December 31, 2010 were 0.3%, 1.4% and 29%, respectively.

Figure 7 - Portion of Appeals Outstanding



More detailed statistics are provided in Appendices 2 to 6.

Appeals to the Courts

A person affected by a decision of the Board may appeal to the B.C. Supreme Court on a question of law using a process called a stated case. The request to state a case must be made within 21 days of receiving the Board's decision. The decision of the Supreme Court may be appealed to the B.C. Court of Appeal with leave.

At the beginning of 2010, 11 stated cases from previous years were outstanding before the B.C. Supreme Court. During the year, 11 new stated cases were filed. The Court confirmed the Board's decision in 11 appeals and referred three back to the Board. Three cases were abandoned. At year-end, five stated cases were still before the B.C. Supreme Court.

At the beginning of 2010 there were three cases before the Court of Appeal. The Court confirmed the Board's decision on these cases. During the year, the Court granted leave to appeal for two new cases, which were still outstanding at year-end.

There were no applications in 2010 for leave to appeal to the Supreme Court of Canada.

Responses to Challenges in 2010

The Board used the following strategies to resolve appeals:

1. Teleconferences for all residential appeals to assist the property owners and BC Assessment to identify issues, assess the merits of their positions, and to encourage settlement.

2. Adjudication by written submission hearing for residential appeals that did not settle (unless circumstances required an oral hearing). This method of adjudication is less costly than in-person hearings, as participants do not have to travel to a hearing or take time off work to attend. It also allows appeals to be completed sooner.

3. In-person meetings and telephone conferences with tax agents and BC Assessment to deal with groups of commercial and industrial appeals. This approach is more efficient and effective than the former appeal management practice of dealing with appeals on an individual basis.

4. Exchange of Statements of Issues, Evidence, and Analysis for more complex commercial and industrial appeals. This tool accelerates the disclosure and examination of the *detailed* appeal issues and can assist in the earlier resolution of appeals.

5. Require early disclosure by the parties of assessment and property information eliminating associated delays and allowing the Board to focus resources on substantive rather than procedural disputes.

6. Given the significant increase in appeals in 2010, the Board selectively applied a "self management" approach to some groups of appeals. This approach allowed for direct discussions between tax agents and BC Assessment with progress reports back to the Board. When it became evident resolution was not likely (or the progress was not timely enough), the Board assumed more hands-on appeal management. This strategy allowed the Board to handle the over 50% increase in appeals with existing resources. It also allowed the Board to concentrate efforts on the cases which required direct intervention.

7. Settlement Conferences to narrow the issues and settle appeals without the need for hearings.

Other Activities

Consultation with the Assessment Community

On April 23, 2010 the Board held a forum with legal counsel, tax agents and members of BC Assessment to obtain feedback on the appeal management strategy for 2010 commercial and industrial appeals. No significant changes were introduced from the approaches adopted over the last several years. The Board reinforced expectations for early identification of issues, disclosure of appeal and property information, and settlement discussions.

Web-based open data application

In August 2010, the Board launched an open data application for stakeholders and the general public. Users can now access real-time appeal information from the Board's Oracle database which includes details on the status of appeals, what preparation parties should undertake (based on the specific status), and details on scheduled dispute resolution meetings and adjudication hearings. Users can also access more data on the results of appeals, including before and after appeal assessment information for properties.

Board Member Training and Continuing Education

The Board held its annual meeting in March 2010 to provide continuing education and skills training to members.

Board Finances

The Board's budget for April 1, 2010 to March 31, 2011 is $1.3 million, fully funded from the property tax levy and appeal fees.

The budget and estimated expenditures for 2010/2011, compared with the past five fiscal years, are as follows:

Figure 8 – Budget versus Actual Expenditures by Fiscal Year ($000's)

Fiscal Year	Budget[1]	Actual	Under/(Over)	%
2010/11[2]	$1,277	$1,152	$125	10%
2009/10	$1,486	$1,247	$239	16%
2008/09	$1,578	$1,504	$74	5%
2007/08	$1,448	$1,394	$54	4%
2006/07	$1,474	$1,410	$64	4%
2005/06	$1,360	$1,315	$45	3%

Notes:
1. The above budget figures are inclusive of revenue from appeal fees.
2. Expenditures for fiscal year 2010/11 are forecasted based on actual expenditures to Dec. 31, 2010.

The Board forecasts it will be approximately $125,000 (or 10%) under budget for fiscal 2010/11. The budget for this fiscal excludes office rent, which is now handled centrally within the government budget. The Board collected $116,000 in appeal fees and forecasts billing the Ministry of Natural Resource Operations $75,000 for services to the Surface Rights Board. These revenues reduce the overall funding requirement from the property tax levy.

A further breakdown of expenditures is provided in Appendix 7. Board Member fees and expenses are forecasted to increase in 2010/11 due to the higher volume of appeals.

Looking Forward

Challenges for 2011

With a near record number of appeals in 2010, the Board will need to concentrate resources on resolving the remaining 2010 commercial and industrial appeals. In addition, it must also resolve appeals coming out of the contingent category once related appeals are completed.

Commencing in May 2011, the Board must start resolving the newly filed 2011 appeals. While, the Board has not yet held its 2011 consultation meeting with the assessment community, it anticipates continuing to use appeal management strategies and dispute resolution approaches which have proven effective over the last several years.

Targets for 2011

The Board has set the following targets for 2011 based on its mission, objectives, and past performance:

1. To complete registration and acknowledgement of the 2011 appeals by May 31, 2011. This year the deadline for appeals is two days later given that April 30th falls on a Saturday.

2. To issue at least 90% of written decisions within 90 days from the hearing.

3. To complete or schedule for hearing by March 31, 2011, 75 to 85% of the active 2010 commercial and industrial appeals.

4. To complete or hear by December 31, 2011, 90 to 100% of the 2011 residential, farm and recreation property appeals.

5. To complete or schedule for hearing by March 31, 2012, 75 to 85% of the active 2011 commercial and industrial appeals.

These completion targets will be reviewed once the volume of appeals is known - following the May 2nd appeal deadline. The Chair of the Board will discuss any proposed revisions with the Minister of Community, Sport and Cultural Development. Despite any performance target, the Board must ensure that appeals are resolved in accordance with the principles of procedural fairness. Whenever there is a conflict between a performance target and these principles, natural justice and due process must prevail.

Appendix 1

Board Members

Name	Position	Term Expiry Date
Rosemary Barnes	Member	December 31, 2012
Allan Beatty	Member	December 31, 2012
Patricia Begg	Member	December 31, 2013
John Bridal	Member	December 31, 2013
Jack Cockwell	Member	December 31, 2011
John Collins	Member	December 31, 2012
Robert Fraser	Vice Chair	January 31, 2011
Mark Goodall	Member	Resigned, December 2010
Jack Hall	Member	March 15, 2011
Jeffrey Hand	Member	January 31, 2012
Christopher Hope	Member	December 31, 2013
Robert Kasting	Member	December 31, 2013
David Lee	Member	December 31, 2012
Bruce Maitland	Member	December 31, 2013
Brian McConnell	Member	December 31, 2013
Harvey Pearson	Member	December 31, 2011
Dale Pope	Member	December 31, 2012
Don Risk	Member	December 31, 2013
Simmi Sandhu	Vice Chair	December 31, 2013
Audrey Suttorp	Member	December 31, 2013
Kenneth Thornicroft	Member	December 31, 2013
Shiela Toth	Member	December 31, 2012
Cheryl Vickers	Chair	December 31, 2013

Appendix 2

Glossary of Terms

Appeal Management Conference (AMC)
The main purpose of an AMC is to clarify the issues and set steps to resolve the appeal. Most AMCs are conducted by telephone. The parties discuss the issues and the Board can make a variety of orders, such as for the disclosure of documents. If resolution does not appear likely, the appeal is usually scheduled for written submission or an in-person hearing. Some complex appeals may have several AMCs before they are heard.

Contingent
Contingent appeals are held pending action on other appeals before the Courts or the Board. Usually this occurs when the appeal issues are very similar and it is more appropriate to hold the appeal until the Court or Board makes a decision on the other appeal.

Decision in Progress
This term is used in the statistical appendices. It includes appeals that have had a hearing and the Board is in the process of preparing a written decision. It also includes appeals in which the Board is preparing an order on a dismissal, withdrawal or recommendation to change the assessment.

Dismissal Order
The Board may issue an order dismissing an appeal due to two circumstances:
1. The Board does not have jurisdiction to deal with an appeal; or
2. A party (specifically the Appellant) does not comply with a Board order during the appeal.

When appeals are received, the Registrar will write to the parties with his opinion on whether the Board has jurisdiction based on the criteria in the *Assessment Act*. If a party disagrees with the Registrar, he/she can ask the Board to reconsider.

Recommendation
When the parties mutually agree to change the assessment, they submit a joint "Recommendation" to the Board. If the Board is satisfied that the recommended changes conform with its mandate to ensure the accuracy and consistency of assessments, it will issue an order requiring BC Assessment to implement the changes.

Roll Number
The roll number is a distinctive number assigned to each entry on the assessment roll. Generally every property has a roll number and receives an individual assessment. Where the properties comprise a single entity, more than one property may be assigned one roll number. In some cases a property can have more than one roll number.

Settlement Conference
The purpose of a Settlement Conference is to reach mutual agreement on all or some of the appeal issues. A Board member facilitates this Conference and discussions are held without prejudice to the position that may be taken if the appeal proceeds to a hearing. Discussions at Settlement Conferences are confidential and any documents submitted do not become part of the public record.

Withdrawal
An Appellant may apply to the Board to discontinue their appeal at any time before a hearing. If approved, the Board will issue an order permitting the withdrawal and closing the appeal.

Appendix 3
2010 Property Assessment Appeal Completion Results Compared to 2009

Period	Appeals at Beginning of Period	Appeals at December 31	Appeals Completed Within Period	% Completed in Period
2010				
New Appeals	2,166	710	1,456	67%
Prior Year Appeals	439	155	284	65%
Year 2010 Total	**2,605**	**865**	**1,740**	**67%**
2009				
New Appeals	1,412	248	1,164	82%
Prior Year Appeals	781	191	590	75%
Year 2009 Total	**2,193**	**439**	**1,754**	**80%**

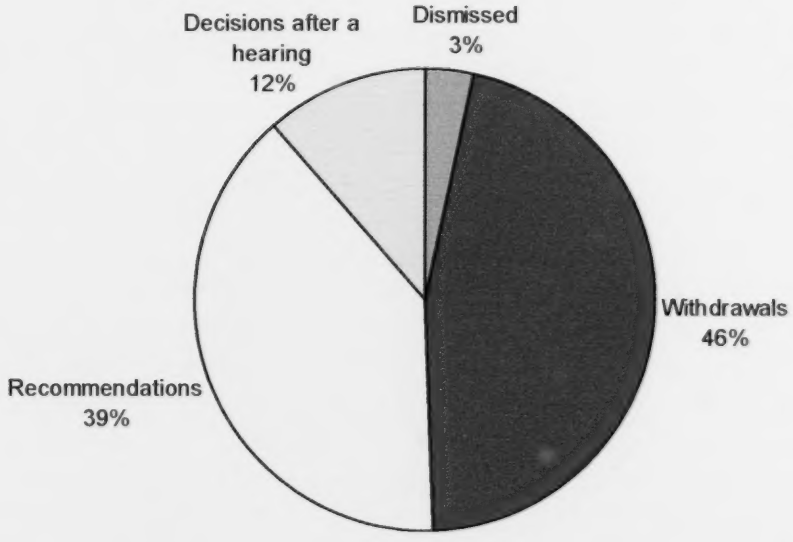
Appendix 4
Property Assessment Appeals Completion Results by Appeal Year

Year filed	Appeals at Beginning of Year	Method of Completion				Total Completed	Appeals Outstanding at Dec 31/10
		Dismissed	Withdrawals	Recom-mendations	Decisions after a hearing[1]		
2010 [2]	2,166	58	689	562	147	1,456	710
2009	248	1	83	86	34	204	44
2008	91	0	29	25	17	71	20
2007	20	0	1	5	1	7	13
2006	14	0	1	0	1	2	12
2005	22	0	0	0	0	0	22
Pre-2005	44	0	0	0	0	0	44
TOTAL	**2,605**	**59**	**803**	**678**	**200**	**1,740**	**865**

Notes:
1. Decisions can be made through an in-person hearing or by way of written submissions from the parties.

2. With an appeal deadline of April 30th each year, the time period for completing 2010 appeals is from May 1 to December 31.

Method of Completion of Appeals in 2010



Appendix 5
Summary of Outstanding Property Assessment Appeals

APPEAL STATUS	OUTSTANDING APPEALS						
	TOTAL	2010 APPEALS[1]			PRIOR YEARS[2]		
	Dec 31/10	Dec 31/10	April 30/10	Inc./(Decr.)	Dec 31/10	Dec 31/09	Inc./(Decr.)
Appeal Management in Progress	599	582	2,166	(73%)	17	150	(89%)
Scheduled For Hearing	60	52	0	N/A	8	21	(62%)
Pending Board or Court Decision	174	51	0	N/A	123	222	(45%)
Decision in Progress	32	25	0	N/A	7	46	(85%)
Total Outstanding Appeals	865	710	2,166	(67%)	155	439	(65%)

Notes:

1. April 30, 2010 was the filing deadline for the 2010 appeals.
2. "Prior Years" includes all outstanding appeals to the Board from the 2009 and earlier rolls.

Appendix 6
Board Activities in 2010 Compared to Prior Years

Board Activity	Results in year:				
	2010	2009	2008	2007	2006
Overall Appeal Caseload					
New Appeals Registered	2,166	1,412	1,707	1,883	2,168
Prior Year Appeals (beginning of year)	439	781	619	1,359	1,371
Total Appeals	2,605	2,193	2,326	3,242	3,539
Appeal Management Conferences (AMCs)					
# of AMCs Conducted	775	625	767	744	731
# of Appeals Involved	2,109	2,626	2,246	2,975	2,989
Settlement Conferences Held	18	44	23	29	25
Hearing Statistics					
# of In-Person Hearings	12	19	22	35	44
# of Hearing Days	25	40	48	76	53.5
# heard by way of Written Submissions	144	105	134	137	99
Appeal Completion Method					
By withdrawals/dismissal orders	862	792	730	1,355	1,001
By recommendations	678	793	626	1,015	1,010
By decisions after a hearing	200	169	189	233	171
Appeals					
Number Completed	1,740	1,754	1,565	2,603	2,182

Note: These activities also include parking site appeals for 2006, 2007 and 2008.

Appendix 7

Breakdown of Expenditures ($000's)

Fiscal Year[1]	Salaries & Benefits	Members Fees & Exp.	Travel Expenses	Occupancy Expenses[2]	Systems & Telecommun.	Office & Misc. Exp.	Total Expenses	Less SRB & GVTA[3]	Net Expenses
2010/11	784	164	16	N/A	150	38	1,152	75	1,077
2009/10	772	140	34	110	158	33	1,247	61	1,186
2008/09	836	256	39	92	216	65	1,504	93	1,411
2007/08	827	209	35	81	177	65	1,394	125	1,269
2006/07	832	188	16	83	231	61	1,410	76	1,335
2005/06	788	172	25	83	190	58	1,315	0	1,315

Notes:

1. Expenditures for fiscal year 2010/11 are forecasted based on actual expenditures to December 31, 2010.

2. For fiscal 2010/11, the Government centralized the budget and costs for building occupancy, so that these figures no longer are attached to the Property Assessment Appeal Board.

3. The costs recovered for services to the Surface Rights Board (SRB) for years 2007/08 to 2010/11 and the Greater Vancouver Transportation Authority (GVTA) for years 2005/06 to 2007/08 are deducted to arrive at the net expenses for the Property Assessment Appeal Board.